

### Claims

1. A method of conducting an online auction between a controlling party and at least two competing participants, comprising the steps of:

5 (a) setting a reserve price for the auction;

(b) conducting the auction between the at least two competing parties;

(c) determining whether a predetermined time trigger has been reached, and suspending the auction if the reserve price is not reached at that time;

10 (d) determining whether the controlling party has selected to enter an optional reserve price negotiation phase, and revising the reserve price for that reserve price negotiation phase;

(e) and, accordingly, extending the auction based on the revised reserve price.

2. The method of claim 1, wherein the online auction is a reverse auction involving a buyer and multiple sellers, and the controlling party is the buyer.

15 3. The method of claim 2, wherein the revising of the reserve price involves setting a higher reserve price.

4. The method of claim 1, wherein the online auction is a forward auction involving a seller and multiple buyers, and the controlling party is the seller.

20 5. The method of claim 4, wherein the revising of the reserve price involves setting a lower reserve price.

6. The method of any preceding claim, including the additional step of

(f) accepting, at the close of the reserve price negotiation phase, an offer received during said phase that satisfies the revised reserve price.

25 7. The method of any preceding claim, wherein said predetermined time trigger is the expiry of a set period of the auction.

8. The method of any one of claims 1 to 6, wherein said predetermined time trigger is fixed in accordance with dynamic rules operating during the auction.

30 9. The method of any one of claims 1 to 6, wherein said predetermined time trigger is set in accordance with the completion of an extension period triggered by a prescribed event in the course of the auction.

10. The method of any preceding claim, wherein steps (b) to (d) are repeated such as to invoke a succession of two or more reserve price negotiation phases.

11. The method of any preceding claim, wherein the auction involves the award of a supply contract to a supplier selected from a panel of predetermined suppliers which each have a base supply contract with the buyer, and the computer network over which the online auction is carried out comprises at least one buyer computer, an administrator computer and at least two supplier computers, the method including the steps of:

establishing key parameters for a BOM to be submitted by the administrator computer to the at least two supplier computers (eg. price, quality, delivery and service);

establishing a rating for each supplier of the panel of predetermined suppliers related to said key parameters;

receiving offers during the auction from the supplier computers of suppliers; and

applying the respective rating to offers received by the administrator computer from the supplier computers to adjust that offer prior to comparison of that offer with any other offer.

12. The method of claim 11, wherein the BOM includes a time period for submissions of offers by said suppliers, this time period being extendable to enable submission of an improved final offer from at least some of the supplier computers from which offer messages were received.

13. The method of claim 12, wherein said optional reserve price negotiation phase has a set duration, this duration being extendable to enable submission of an improved final offer from at least some of the supplier computers from which offer messages were received during the reserve price negotiation phase.

14. The method of any one of claims 11 to 13, wherein each supplier is provided with a current bid to win (CBTW) in respect of the supply contract, the CBTW calculated by said administrator computer to dynamically indicate to a supplier an offer that that particular supplier must submit to remain competitive in the auction.

15. The method of claim 14, wherein the CBTW for a supplier is calculated in accordance with the formula:

$$\text{CBTW}_{x_m} = \text{FB}_{n-1} - (\text{MD} / \text{SF}_x)$$

where x indicates a particular supplier X; m indicates that particular supplier's bid number; n indicates the overall bid number (ie 1<sup>st</sup> bid: n=1; 2<sup>nd</sup> bid: n=2; etc); FB indicates a factored

bid for said particular supplier; MD indicates a set minimum bid decrement; and SF is the supplier factor set in accordance with said supplier rating.

16. The method of claim 15, wherein the factored bid is calculated in accordance with the formula:

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$$FB_n = SBx_n + (MD / SFx) - MD$$

where SB is a submitted bid.

17. The method of any one of claims 11 to 16, including the step of comparing the revised reserve price with offers previously received during the auction, to which offers said rating has been applied, before the reserve price negotiation phase is commenced.

10 18. The method of any one of claim 15 or 16, including the step of calculating, for each supplier, a CBTW based on a measure of the revised reserve price to which a respective supplier rating has been applied.

19. A system for conducting an online auction between a controlling party and at least two competing participants, comprising:

15 setting means for setting a reserve price for the auction;

comparison means for comparing a measure of each offer received during the auction from said at least two competing participants;

first determining means for determining whether a predetermined time trigger has been reached, and for suspending the auction if the reserve price is not reached at that time;

20 second determining means for determining whether the controlling party has selected to enter an optional reserve price negotiation phase, the setting means responsive to said second determining means to revise the reserve price for that reserve price negotiation phase; and

25 means, responsive to said second determining means, for allowing extension of the auction based on the revised reserve price.

20. The system of claim 19, including means for causing or permitting acceptance of an offer at the end of the reserve price negotiation phase if the offer satisfies the revised reserve price.

30 21. The system of claim 19 or 20, the online auction involving the award of a supply contract to a supplier selected from a panel of predetermined suppliers which each have a base supply contract with the buyer, the computer network over which the online auction is

carried out comprising at least one buyer computer, an administrator computer and at least two supplier computers, wherein a rating is established for each supplier depending on key supply parameters, the administrator computer configured to apply the rating to any offer received by the administrator computer from the supplier computer of that supplier to  
5 adjust that offer prior to comparison other offers and/or with the revised reserve price during the reserve price negotiation phase.

22. The system of claim 21, including means for providing each supplier with a current bid to win (CBTW) in respect of the supply contract, the CBTW calculated by said administrator computer to dynamically indicate to a supplier an offer that that particular  
10 supplier must submit to remain competitive in the auction.